


EXECUTIVE SUMMARY

UNITED STATES DEPARTMENT OF LABOR

INTRODUCTION

This report, prepared in accordance with the Reports Consolidation Act of 2000, presents the results of the Department of Labor's (DOL) program and financial performance for Fiscal Year 2000. The report features how the Department of Labor -- in service to the American public -- is "Making a Difference for Working Men and Women." Looking ahead, as we move into the 21st century, the Department will continue to be challenged to anticipate and respond to the many-dimensional changes affecting the workplace, and to prepare all of America's workers for secure, productive employment in a safe and healthy environment.



Wanda, a 28-year-old single mother of three children, had been an assistant to an inspector at a small production company in Massachusetts, since she was a teenager. Her keen perception and on-the-job training convinced her employer to enroll her in incumbent worker training under the Manufacturing Training Alliance Project, a DOL grantee in Springfield, Massachusetts, when the company installed a new production line. Soon, Wanda was promoted to full inspector, responsible for ensuring the quality of large castings used by the aerospace industry. Through training, she not only increased her skills and value to her company but also helped the company compete more successfully.

Photo by: Nicole Dubreuil

The FY 2000 Annual Report is divided into three major sections.

The Annual Performance Report reflects continuing progress toward the achievement of the Department's three strategic goals -- a prepared workforce, a secure workforce, and quality workplaces -- illustrating through statistics, analysis and the stories of individuals the impact of DOL programs on improving the lives of workers and their families in America and around the world.

The Financial Performance Report demonstrates our commitment to effective stewardship over the funds DOL receives to carry out the mission of the Department, and includes the FY 2000 financial statements and the Inspector General's audit of those statements. The costs of achieving the Department's strategic and outcome goals are reported in the financial statements, establishing a link between the Annual Performance Report and the Financial Performance Report.

The Management and Performance Challenges section of this report summarizes the top 10 challenges identified by the Department's Inspector General and the Department's progress and plans to meet these challenges, as required for the first time in the preparation of the Annual Report. Both the Annual Performance Report and the Financial Performance Report discuss in detail the challenges the Department is encountering as it moves toward higher levels of excellence in the

delivery of key services to the Department's customers.

A summary of each of the three sections follows.

I. THE ANNUAL PERFORMANCE REPORT

FY 2000 marks the second year that the Department of Labor along with other Federal Agencies has reported program results against the goals in the annual performance plan. In addition to the Department's Annual Performance Plan, each DOL agency developed an Annual Performance Plan. Over 200 performance goals included in these plans have provided a basis for targeting and measuring the accomplishments of DOL programs. Those goals that are key to the accomplishment of DOL's programs were selected from these agency plans and included in the FY 2000 Departmental Performance Plan, providing a basis for assessing the Department's effectiveness in providing core services to our constituents, as well as the performance of individual DOL agencies.

The FY 2000 Annual Report includes descriptions of the Department's strategic goals, the ensuing outcome goals, and a presentation of program results for two measurement years, Fiscal Year 2000 and Program Year 1999. The Department's Employment and Training Administration includes some programs which are forward funded and follow a program year that begins nine months after the fiscal year for which program funding was received. These goals were included in the FY 1999 Annual Performance Plan and addressed programs funded in the FY 1999 budget for a program year beginning July 1, 1999 and ending June 30, 2000.

The Appendices provide additional details and explanatory materials supporting the program results. Of particular note is Appendix 2, which lists the performance goals included in this report and identifies the time period of measurement and a summary assessment of the results reported for each goal.

A Vietnam veteran lost his job as an installer repairman after 22 years when his communications company restructured. Even with his experience, he could not find regular work and had to take low-paying temporary jobs. Discouraged, he slipped into a downward spiral of homelessness, addiction and depression. Finally, he sought help from a VA medical center, where a Disabled Veterans' Outreach Program (DVOP) specialist started him on the long road to recovery. Funded by grants from the Veterans' Employment and Training Service (VETS) at DOL, the DVOP program assisted him in finding a "survival" job and shelter at a halfway house. He completed a recovery program, and, after purchasing tools with the help of a local Workforce Investment Act program, he was referred to a fiber optic contractor, which hired him as a field line technician. He is now installing new scanner devices for a chain of large retail stores at a starting wage of \$16.00 an hour with full employee benefits. And he has never looked back.

Program Performance Overview

Of the 53 performance goals presented in the DOL FY 2000 Annual Performance Report, the Department exceeded or fully achieved 76 percent of its goals, substantially achieved 15 percent, and did not achieve 9 percent. Performance results have slightly improved over FY 1999, our first year of managing under the provisions of the Government Performance and Results Act, when 73 percent of the targeted goals were achieved. To acknowledge program performance where reported results were close to achieving the target, an assessment category of substantially achieved (attained 80 percent or more of the targeted goal) has been included in the FY 2000 report.

In FY 2000, the Department gained a greater appreciation of the remaining challenges to a complete implementation of GPRA, including strengthening its focus on the intended outcomes of DOL programs, improving the quality and timeliness of the data used to measure performance, and further increasing

committed on behalf of working men and women. In FY 2000, DOL agencies, in close collaboration with the Office of Inspector General (OIG), reviewed performance goals with a view toward sharpening the focus on the intended outcomes of DOL programs. FY 2000 goals are now more results oriented, and for several programs address multiple indicators that offer a more comprehensive assessment of the program being measured.

The Department also further strengthened its oversight of the performance management process. Mid-year and year-end reviews conducted by the Deputy Secretary focused on performance progress and results, providing a capstone to a management oversight process that is supported by regular program reviews at lower levels of management in individual DOL agencies.

At the program level in DOL, the challenges to performance measurement vary. Data sources and the agencies' level of control over the reporting systems represent the primary factors influencing the reliability and usefulness of the Department's performance information. DOL agencies have made steady progress this past year toward obtaining from the States and other third parties performance data that is timely, accurate, and relevant. The Employment and Training Administration, for example, has engaged contract assistance to assess State-based performance data collection systems that support its performance measures.

The Department has also recognized the important role of program evaluation in ensuring the accuracy and reliability of performance data,



Cristina, the daughter of a migrant farm worker in southern California and Arizona, knew she wanted a better life for herself and her family. She enrolled in Job Corps, completed the clerical occupations program, and obtained her General Education Degree (GED). Determined to succeed, Cristina used her Job Corps training as a springboard to college. She graduated from Mesa Community College, and three years later, she graduated from Arizona State University. As a result of returning to school, Cristina landed a job as a youth officer with the Arizona Department of Juvenile Corrections. Now, she has come full circle, working as a counselor at a Job Corps Center, where she is a role model and mentor, and is making a Spanish-language videotape on the program.

Photo by: Jose Herrera

the Department's effectiveness in meeting its core mission responsibilities. During the past year, the Department initiated significant steps to address these challenges, bringing DOL closer to the ultimate objective of a performance-based organization -- one that manages programs by using performance information to achieve planned results.

Building toward this objective, DOL's first priority has been to establish enduring outcome goals which target continual improvement in the achievement of the core results to which the Department is

supplementing performance information available through existing data collection processes, and addressing the causes of shortfalls in performance results. The limited discussions of program evaluations in areas other than the employment and training programs reflect the Department's need to increase the use of this valuable tool. DOL anticipates expanding the use of program evaluations in support of its performance-based management initiatives.

DOL Strategic Outcome and Performance Goals

DOL's functions are organized around three strategic goals, which have provided the focus for the Department's strategic planning and a framework for the annual performance plans. These goals build on our successes and respond to the challenge of helping every American participate and prosper in today's economy. Through these three strategic goals and their supporting outcome goals, DOL staff and the American public can see a direct link between the Department's purpose and its activities. The three DOL strategic goals are:

DOL Strategic Goals

Goal 1. A Prepared Workforce:
Enhance opportunities for America's workforce

Goal 2. A Secure Workforce:
Promote the economic security of workers and families.

Goal 3. Quality Workplaces:
Foster quality workplaces that are safe, healthy, and fair

Performance Highlights by Strategic Goal¹

Strategic Goal 1, a Prepared Workforce, includes 14 performance goals. Thirteen of the 14 goals were fully achieved and 1 goal was substantially achieved. In FY 1999, only 50 percent of the performance goals for a Prepared Workforce were met. Increased management attention to program performance in the Department's employment and training programs yielded significant improvements in performance.

Particularly noteworthy are program results reported for the Department's Welfare-to-Work Program. Of the Welfare-to-Work participants placed in unsubsidized employment in FY 2000, 84 percent remained in the workforce for six months or longer -- substantially exceeding the targeted six month or longer retention rate of 60 percent.

Strategic Goal 2, a Secure Workforce, includes 16 performance goals. Eleven of the 16 goals were achieved or exceeded, 3 substantially achieved, and 2 were not met. Compared to FY 1999 when 93 percent of goals were achieved, program performance in this area declined somewhat.

The two performance goals not achieved in this strategic area involve compliance of selected industries with labor standards governing wages and work hours. Although overall compliance did not increase, some areas of progress were identified. The Department is analyzing the performance data to determine which strategies were more successful, and will use the results to refine its continuing initiatives to improve

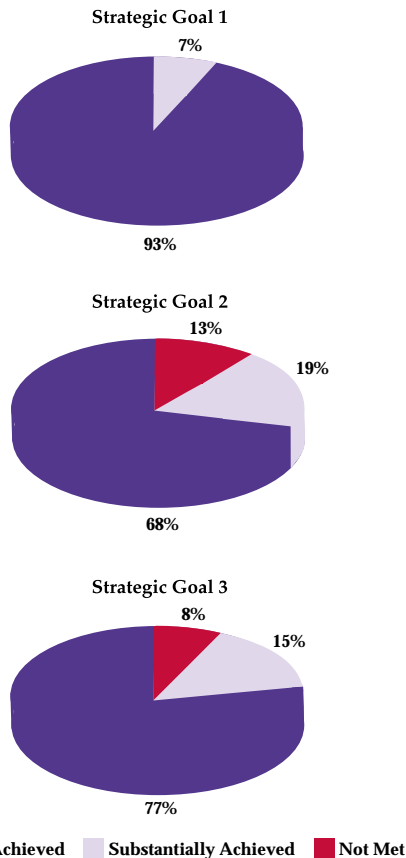
¹ The performance goals under the 3 strategic goals total only 43 since they do not include the departmental management goals. DOL exceeded or fully achieved 6 of its 10 management goals.

workplace protections for the employees in these industries.

Strategic Goal 3, Quality Workplaces,

includes 13 performance goals. Ten goals had results that achieved or exceeded the target, two goals were substantially achieved, and one goal was not met. The 77 percent of Quality Workplace goals exceeded or fully achieved in FY 2000 reflects improvement over the 64 percent of quality workplace goals that met the FY 1999 targets.

FY 2000 Strategic Goal Results



Among the more significant results reported under this Strategic Goal is OSHA's success in reducing illnesses and injuries where the agency initiated an intervention. Interventions include inspections, consultation visits and high injury/illness letters sent to employers. OSHA targeted reducing injuries and illnesses by 20 percent in at least 50,000 workplaces. OSHA's FY 2000 study identified approximately 67,900 work places that had achieved at least a 20 percent reduction in the Lost Workday Injury and Illness rate where interventions occurred, exceeding the target of 50,000 workplaces by 34 percent.

Reporting Performance Results

In this report, performance data and supporting information are presented by strategic goal, following the sequence in the Department's FY 2000 Annual Performance Plan. Each DOL Strategic Goal serves as a category for presenting performance results. Under each Strategic Goal, outcome goals that segment the larger objective of the Strategic Goal into more specific objectives are discussed. This information provides a non-technical orientation on how DOL serves the public in each major area of the overall DOL mission and serves as an introduction to the detailed performance information that follows.

Following each Outcome Goal, separate reports of results for individual performance goals provide the following information:

- A report and analysis of performance results against the goal.
- A description of the program being evaluated.
- Highlights of key strategies employed toward achieving the goal.
- A capsule summary of any planned changes in the program and performance measures in the Department's Revised Final FY 2001 Annual Performance Plan, published in December 2000, based on performance results.
- Summary comments on any evaluations relevant to the performance goal that were conducted during the year.

Appendices

The following appendices provide supporting information for the

performance results presented in the body of the report.

Appendix 1 presents the organizational chart for the Department.

Appendix 2 lists each performance goal and identifies whether or not the goal has been achieved. This section includes performance goals that were eliminated or revised subsequent to the release of the FY 2000 Annual Performance Plan. The Appendix also lists the measurement period for the performance data addressed in the performance goal.

Appendix 3 includes a listing of significant evaluations of DOL programs conducted by the General Accounting Office (GAO), OIG and other organizations during FY 2000.

Appendix 4 contains supporting information for each performance goal including the performance indicator, source of data, baseline data, any comments pertinent to data collection, and the previous goal if the goal was revised after the release of the FY 2000 Annual Performance Plan.

Appendix 5 is the glossary of acronyms used in this document.

II. THE FINANCIAL PERFORMANCE REPORT

In FY 2000, the Department of Labor maintained its outstanding record in financial management. Under the Government Management Reform Act (GMRA), and the Chief Financial Officers Act of 1990 (CFOA), all Federal agencies are required to produce annual financial statements and to have those statements audited. The Department's Inspector General issued an unqualified, or "clean," opinion on DOL's FY 2000 Consolidated Financial Statements -- the fourth consecutive year that DOL has attained this highest level of financial performance. The audit report also states that no material weaknesses were found in the Department's system of internal controls that would affect the financial statements' accuracy.

The Department strives to ensure that all financial systems comply with the requirements of the Federal Financial

William manages the Voluntary Protection Program (VPP) in Region VI for the Occupational Safety and Health Administration (OSHA) and was on a certification visit to Chevron Phillips' Cedar Bayou Plant in Baytown, Texas, when his co-worker, Oliver (OJ), had a massive heart attack and collapsed. Paramedics from the Emergency Response Team and the plant's nurse immediately diagnosed OJ's condition and stabilized him before he was rushed to the local emergency room. Quick action, preparedness, and correct treatment not only saved OJ's life but also greatly reduced the damage to his heart. OJ's family, friends, and co-workers are grateful to Chevron Phillips for believing in the VPP principle of "above and beyond" the basic OSHA compliance requirements for safety and health. Says Bill: "When companies ask me how much this voluntary OSHA program will cost, I tell them: 'It's worth every dime you invest, every second you spend, and all the effort you can muster, because I know it has saved at least one life. How many lives do we need to save to make it worth while?'"

Photo by: M.A. Bengston, Staff; Writer: Baytown Sun



Management Improvement Act of 1996 (FFMIA). During this past fiscal year, DOL brought three of five remaining systems requiring modifications into compliance with the Act. Fifteen of 17 systems now comply with the standards established by the Act. Significant progress was also made on the two remaining systems -- the Employment Standards Administration's Back Wage Collection and Disbursement and Civil Money Penalty systems -- and it is anticipated that both will be in compliance during FY 2001. Additionally, the Department began looking to the future by

Randall met his crew at the No. 1 portal elevator early on May 8, 2000 to begin installing eight-foot iron bolts in the roof of a mine in Alledonia, Ohio. It was a typical workday—drive the bolts in, hang the wire mesh using four-foot bolts to ensure that the roof would stay up when mining operations began. Suddenly, Randall was lying face down on the mine floor, near a crosscut entrance, and his gas detector was squawking. His mate, Bill ran to help him but was also overcome. Machine operator Kevin quickly found the compact emergency breathing equipment, called self-contained, self-rescuers (SCSR), which he and other miners donned to rescue the fallen men. Bill regained consciousness, but Randall's breathing was laborious and his pulse shallow. The miners administered oxygen and returned to the surface, where Randall was rushed to a local hospital. The SCSRs, which are mandatory in underground mines, once again had proven their worth.

conducting a requirements analysis of its central accounting system. As a result, plans have begun for a multi-year effort to modernize the system for DOL to maintain its leadership position in this area.

Significant progress was made in FY 2000 toward implementation of managerial cost accounting principles and practices. A number of pilot projects are underway in several program agencies, and plans are underway to expand the application

of cost accounting principles to the Department's programs.

The Department also improved its performance in the areas of debt referrals and electronic payments. By the end of the fiscal year 2000, DOL agencies had referred 92 percent of eligible delinquent debt to Treasury, and had reached over 97 percent performance in electronic payments for salaries, travel and grants.

III. THE MANAGEMENT AND PERFORMANCE CHALLENGES

The Office of Inspector General (OIG) has identified the following areas to be the most serious management and performance challenges facing the Department of Labor:

- Financial Management
- Implementation of the Workforce Investment Act
- Effectiveness of the Welfare-to-Work Initiative
- Quality of Program and Cost Data
- Security of Pension Assets
- Protection of Worker Benefit Funds
- Stewardship over DOL Information Technology Resources
- Integrity of Electronic Benefit Claims Management
- Targeting of the Dislocated Workers Program
- ILAB Expansion

The Department recognizes that the ten challenges posed by the Inspector General represent issues of importance to the effectiveness and efficiency of the Department's programs and operations. The Department's responses identify the substantive actions which have been completed or are currently in progress to address these challenges.

Several of the challenges reference specific concerns reported in detail in recent OIG audits, and the Department's corrective actions for the majority of these findings should be completed within the next year. Other challenges require legislative action at the Federal or State level, as explained in management's response. Finally, some challenges are broad issues of sound management, such as the need to exercise stewardship over significant information technology and benefit program resources. Management's response to these issues provides detailed information about the existing and developing management systems and actions taken over a number of years to effectively manage these challenges. The Department will work with the Inspector General to develop an approach for reaching agreement that the Department's actions sufficiently meet each of the challenges, or what specific actions the Inspector General considers essential to resolving the challenge in future years.

The Department's annual performance plan incorporates some, but not all, of the Inspector General's major management challenges. For those challenges arising from OIG audits, resolution is usually expected to occur within six months of audit issuance, a timetable that does not coincide with the performance planning cycles. The established audit resolution process tracks the status of each OIG audit recommendation, ensuring that all audit related challenges will be addressed. When a sustained effort is required over several years and the challenge relates to a core program or management priority, performance goals and strategies are targeted in Departmental and agency plans. Challenges which are referenced in the Department's FY 2001 Annual

Performance Plan include financial management, the effectiveness of the Welfare-to-Work initiative, the quality of program and cost data, protection of worker benefit funds, and stewardship over information technology resources.

In January 2001, the General Accounting Office issued a report on the Department's Major Management Challenges and Program Risks, as part of its High-Risk and Performance and Accountability Series. None of the Department's programs were identified on the list of high-risk Federal programs. The Department has not dedicated a separate section of the FY 2000 Annual Report to GAO's challenges since many of GAO's challenges focus on the need for improving performance data, which is discussed extensively in the Annual Performance Report and the Management and Performance Challenges, and others duplicate OIG's challenges. The Department will reassess both the GAO report and OIG's challenges during the preparation of DOL's FY 2002 Annual Performance Plan to determine whether any of the issues require further attention in the planning process. ■